



2024 Acts Affecting Taxes

By: Rute Pinho, Chief Legislative Analyst

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Notice to Readers

This report provides summaries of new laws (public acts and special acts) significantly affecting taxes enacted during the 2024 regular legislative session and June Special Session (JSS). OLR's other Acts Affecting reports, including Acts Affecting Business and Jobs, are, or will soon be, available on [OLR's website](#).

Each summary indicates the public act (PA) or special act (SA) number. Not all provisions of the acts are included. The report does not include vetoed acts unless the veto was overridden. Complete summaries of public acts are, or will soon be, available on [OLR's website](#).

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerk's Office, or [General Assembly's website](#).

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Property Tax

Annual Mill Rate and Tax Levy Reports by Municipal Special Services Districts

Under a new law, special services districts must provide annual statements to the Office of Policy and Management (OPM) on their mill rate and tax levy, just as existing law requires of municipalities and special taxing districts. The new law also subjects them to the same \$100 fine for failing to file a true and correct statement ([PA 24-132](#), § 4, effective upon passage).

Assessment Appeals Brought to Superior Court

Existing law allows taxpayers aggrieved by a board of assessment appeals' decision to appeal to Superior Court. If the appeal concerns the valuation of real property assessed at \$1 million or more, applicants must file a property appraisal with the court within 120 days after filing the appeal. Under a new law, for any application made on or after July 1, 2022, but before July 1, 2024, that was dismissed because the applicant submitted the appraisal to the municipality's assessor rather than the court, the applicant may bring another application to the court if he or she (1) gave notice to the court of submitting the appraisal to the assessor and (2) applies before September 1, 2024 ([PA 24-151](#), § 114, effective July 1, 2024).

Assessment of Certain Affordable Housing

A new law requires municipalities to assess certain properties exclusively used for housing low- and moderate-income households based on the capitalized value of "net rental income," rather than fair market value. Prior law explicitly required municipalities to do so only if they had adopted an ordinance classifying property as this type of housing. "Net rental income" is the gross income of these properties as limited by rents or carrying charges, minus operating expenses and property taxes ([PA 24-143](#), § 9, effective October 1, 2024).

Exemption Deadline Waivers

Under a new law, taxpayers in seven municipalities (Litchfield, Manchester, Meriden, Middletown, Thomaston, Waterbury, and West Haven) may claim a property tax exemption for specified property and grand lists even though they missed the filing deadline ([PA 24-151](#), §§ 72-79, effective July 1, 2024).

Exemption for South Central Connecticut Water Authority's Affiliated Business Entities

A new law makes various changes to the South Central Connecticut Regional Water Authority's special act charter, including extending the authority's property tax exemption to its affiliated business entities (i.e., businesses it owns or controls that conduct or invest in a non-core business). The new law also expands the definition of non-core business to include sustainable manufacturing support ([SA 24-7](#), effective upon passage).

Exemption for Veterans With a P&T Disability Rating

The legislature passed a new law this year that fully exempts from property tax a primary dwelling or motor vehicle for each former servicemember (i.e., veteran) who has a permanent and total (P&T) disability rating. The exemption may also be transferred to a veteran's spouse or minor children in certain circumstances.

The eligibility criteria and application requirements for this new exemption are generally the same as those for the existing disability rating-based exemption for veterans. To qualify, a veteran must have served in the U.S. Army, Navy, Marine Corps, Coast Guard, Air Force, or Space Force; reside in this state; and file for the exemption with the town assessor. Unlike this other exemption, though, the new law does not require the state to reimburse municipalities for any part of the exemption ([PA 24-46](#), effective October 1, 2024, and applicable to assessment years starting on or after that date).

Fixed Property Tax Assessments

An existing law allows municipalities to freeze a property's assessed (i.e., taxable) value if it is being developed for certain specified purposes (e.g., office, retail, manufacturing, or certain multifamily residential purposes). This incentive allows the property's owner to develop the property without paying taxes on the improvements during the freeze. This year, the legislature changed the law to allow municipalities to provide a freeze for up to 30 years and for personal property as well as real property. Under prior law, the freeze could last for up to 10 years and applied only to real property ([PA 24-143](#), § 6, effective October 1, 2024).

Joint Appointment of Municipal Tax Collectors

This session, the legislature authorized regional councils of governments and municipalities acting jointly to make appointments on a municipality's behalf for municipal functions that are subject to a shared services or regional services agreement. Under the act, these municipal functions include the administrative and regulatory activities described in the laws on tax collectors, among others.

These appointments must apply jointly to each municipality that is a party to the agreement and be instead of the municipality's individual appointment. Under the act, this authority supersedes state and local law, local charters, and home rule ordinances that would prohibit or limit the ability to make these joint appointments ([PA 24-151](#), § 127, effective July 1, 2024).

Local Option Exemptions for Farm Machinery and Buildings

A new law increases the cap on the local option property tax exemption for (1) farm machinery, from \$100,000 to \$250,000 in assessed value, and (2) buildings actively and exclusively used in farming or used as housing for the farmer's seasonal employees, from \$100,000 to \$500,000. By law, a municipality may adopt these exemptions, by vote of its legislative body, in any amount up to the cap ([PA 24-151](#), § 70, effective upon passage).

Local Option Homestead Exemption

Under a new law, municipalities may now exempt between 5% and 35% of the assessed value of owner-occupied single-family homes and duplexes (including condominiums and common interest community units) ([PA 24-151](#), § 71, effective upon passage).

Motor Vehicle Mill Rate

Existing law allows municipalities and districts to tax motor vehicles at a different rate than other taxable property and caps the motor vehicle mill rate at 32.46 mills. A new law (1) requires those that set different mill rates for motor vehicles and other taxable property to impose the lower rate on motor vehicles and (2) explicitly authorizes them to set the motor vehicle mill rate as low as zero mills. The new law also requires OPM to notify municipalities (1) annually that they have these options, and the parameters around them, and (2) before implementing a revaluation, that they may consider reducing their motor vehicle mill rate ([SB 501, JSS](#), § 13, effective July 1, 2025).

Motor Vehicle Property Tax Assessments

Existing law, beginning October 1, 2024, (1) requires assessors to value vehicles using their MSRPs, subject to depreciation (rather than using a guide OPM annually selects); (2) requires the Department of Motor Vehicles to give municipalities a supplemental list of vehicles it registered on a monthly, rather than annual, basis; and (3) modifies the timeline for supplemental bills. This year, the legislature (1) adjusted the depreciation schedule assessors must use to value motor vehicles; (2) eliminated a requirement that OPM define a class of motor vehicles to be treated as personal property for taxing purposes; (3) specified how assessors must value commercial vehicle modifications and attachments; and (4) eliminated certain statutory deadlines for supplemental

motor vehicle tax bills ([SB 501, JSS](#), §§ 1-12, most provisions effective July 1, 2024, and applicable to assessment years beginning October 1, 2024).

PA 490 Program

A new law makes the following prima facie evidence of land being classified as “farm land” or “open space land” for the state’s 490 program and qualifying for the program’s reduced property tax rate:

1. an advisory opinion from the Department of Agriculture (DoAg) commissioner stating that land is “farm land” or “open space land” or
2. inspection and approval by the DoAg commissioner or his designee of an agricultural or farming operation, place, establishment, or facility ([PA 24-70](#), §§ 1-3, effective July 1, 2024).

Property Tax-Related Reporting Requirements

A new law makes minor changes to municipal property tax reporting requirements to align with OPM practice. Specifically, the new law (1) shifts, from municipal tax collectors to assessors, the requirement to certify to OPM the revenue loss associated with the property tax exemption for totally disabled homeowners and (2) requires the annual statements municipal and special taxing district tax collectors provide to OPM on their mill rate and tax levy to be based on data for the ensuing, rather than preceding, fiscal year, beginning with the FY 25 statements ([PA 24-132](#), §§ 1-3, effective upon passage).

Revaluation Delay for Stratford and Derby

New legislation allows Stratford and Derby, with approval from their legislative bodies, to delay a revaluation scheduled for 2024 until the 2025 assessment year. If the town opts to do so, it must implement its next revaluation according to the schedule it was following prior to the delay. It may also prepare new tax bills based on the delayed revaluation ([PA 24-151](#), §§ 80 & 81, effective upon passage).

Revaluation Notice Requirement for Certain Property Owners

Under a new law, assessors must give residential property owners whose assessments were adjusted due to a foundation made from defective concrete at least 90 days’ written notice before the next revaluation starts. By law, these properties’ assessments must be updated with each revaluation to reflect their current value ([PA 24-55](#), effective July 1, 2024).

Secret Lake Association Charter Revisions

A new law makes various changes to the Secret Lake Association’s special act charter, including eliminating the 7-mill cap on its property tax and setting the interest rate for delinquent association taxes at the statutory rate for delinquent property taxes, rather than the prior 9% rate ([SA 24-3](#), effective upon passage).

Uniform Capacity Tax Study

This year, the legislature passed a law to expand and study solar facility deployment in the state. Among other things, the act requires the Department of Energy and Environmental Protection commissioner to study the feasibility and potential cost-related impacts of establishing a uniform capacity tax for solar facilities. The study must examine various topics, including the current statutory framework for personal and real property taxes on solar facilities and the history of municipal taxation of these facilities. The study must analyze what tax amount per megawatt of capacity would fairly compensate municipalities without making projects unviable. The commissioner must report her findings to the Energy and Technology Committee by January 1, 2025 ([PA 24-31](#), § 1, effective upon passage).

Waiving Interest on Delinquent Property Taxes

A new law requires, rather than allows, municipal tax collectors to waive interest on delinquent property taxes when the collector and assessor jointly find that the delinquency was because of a mistake by one of them and not the taxpayer’s action or failure. It also requires the municipality’s legislative body to approve these waivers ([PA 24-90](#), effective October 1, 2024, and applicable to assessment years starting on or after that date).

State Taxes

Additional Deduction for Certain Combined Groups Affected by Combined Reporting

A new law creates a 30-year corporation business tax deduction for certain combined groups designed to offset the increase in the “valuation allowance” against net operating losses and tax credits in Connecticut that resulted from the state’s shift to combined reporting (implemented in the 2016 income year). A “valuation allowance” is the portion of a deferred tax asset for which it is likely that a tax benefit will not be realized, as determined under generally accepted accounting principles. To qualify for the deduction, the group must, among other things, (1) be a publicly traded company as of January 1, 2016; (2) have experienced an aggregate decrease in the amount of net operating loss or tax credits that they may realize in Connecticut due to the shift to combined reporting; and (3) be claiming the FAS 109 corporate income tax deduction. Companies wishing to

claim this deduction must file a statement with the Department of Revenue Services (DRS) by July 1, 2025 ([PA 24-151](#), § 137, effective January 1, 2025).

Income Tax Withholding for Retirement Income Distributions

Currently, payers that have an office in Connecticut or do business here and make distributions from pensions, annuities, or other specified sources must withhold income tax when making taxable payments to Connecticut residents. Under a new law, starting January 1, 2025, payers must withhold tax from these distributions only if the payee requests it, unless they are “lump sum distributions” (i.e., distributions greater than \$5,000 or more than 50% of the payee’s entire account balance, whichever is less, excluding any other tax withholding and any administrative charges and fees). The new law retains the mandatory withholding requirement for these lump sum distributions.

The new law also changes the methods for determining the amount of tax withheld from these distributions by generally requiring payers to withhold at the highest marginal rate only if a payee does not ask for an amount withheld from a lump sum distribution ([PA 24-151](#), § 69, effective January 1, 2025, and applicable to tax years starting on or after that date).

Initial Five-Year Insurance Premiums Tax Returns for Nonresident and Foreign Companies

Under a new law, newly licensed nonresident- and foreign-licensed insurance companies have more time to remit their initial five-year insurance premiums tax return to DRS. Specifically, the new law extends the due date for this return from 45 days after being initially licensed to do business in Connecticut to 90 days after this date. By law, these companies must pay state insurance premiums tax on the net direct premiums they received in the five preceding calendar years from policies written on property or risks located in the state (except ocean marine insurance) ([PA 24-151](#), § 68, effective upon passage).

Insurance Premiums Tax Reaudits and Reassessments

New legislation authorizes the DRS commissioner to reaudit insurance premiums tax returns and impose more than one deficiency assessment, subject to the same requirements that apply to audits and assessments under existing law ([PA 24-151](#), § 67, effective upon passage).

Interest on Certain Tax Underpayments

Taxpayers will no longer owe interest on underpayments of corporation business, pass-through entity, and personal income taxes if the underpayment was due to an amended return filing

required by Internal Revenue Service (IRS) guidance on the federal employee retention credit. A new law exempts them from these interest payments and requires DRS to treat any interest already paid on these underpayments as an overpayment and refund it to taxpayers without interest ([SB 501, JSS](#), § 30, effective upon passage).

Net Operating Loss Carryforward

This session, the legislature extended from 20 to 30 income years the period when corporations may carry forward a net operating loss deduction for corporation business tax purposes. The extended carry forward period applies to net operating losses incurred in income years starting on or after January 1, 2025 ([PA 24-151](#), § 112, effective upon passage).

Sales and Use Tax Exemption for XL Center Contractor

Existing law allows the Capital Region Development Authority (CRDA) to enter into two separate agreements concerning the XL Center's (1) management and operation and (2) reconstruction and renovation. With respect to operations, existing law allows CRDA, by December 31, 2025, to enter into an agreement with the contractor that is managing and operating the XL Center on July 1, 2023, to continue doing so.

New legislation exempts from sales and use taxes tangible personal property or services needed for the XL Center's operations and sold to the contractor while it is operating the center. Existing law exempts, among other things, sales of personal property or services to political subdivisions (CGS § 12-412(1)). (The City of Hartford owns the XL Center.) ([PA 24-81](#), § 47, effective July 1, 2024.)

Tax Credits and Incentives

Historic Homes Rehabilitation Tax Credit

A new law restores taxpayers' ability to claim the historic homes rehabilitation tax credit against certain business taxes beginning in 2024. Generally, under the program, qualifying property owners (people and nonprofits) may receive a tax credit for 30% of the construction costs they incur in rehabilitating a historic home. Taxpayers applying the credit against these taxes may carry forward unused credits for up to four income years. The new law also allows all taxpayers to apply credits issued after January 1, 2024, against the unrelated business income tax ([PA 24-109](#) and [PA 24-151](#), § 128, effective July 1, 2024, and applicable to tax and income years beginning on or after January 1, 2024).

Invest CT Credit

A new law allows the Department of Economic and Community Development (DECD) commissioner, from October 1, 2024, to September 30, 2026, to make certain additional businesses eligible for investments under the Invest CT Fund Program. Specifically, it allows program applicants, during the above two-year timeframe, to request that the DECD commissioner consider a business without principal business operations in Connecticut as an eligible business. The commissioner may approve the request if he determines that it would significantly advance the program's objectives. By law, program participants qualify for tax credits, which apply to their insurance premiums and surplus lines broker taxes, by investing in eligible businesses through state-certified Invest CT funds ([PA 24-33](#), effective October 1, 2024).

JobsCT Tax Rebate Program Changes

A new law makes several changes affecting the JobsCT tax rebate program, including the following:

1. establishing a two-year lookback period for calculating a business's number of new full-time equivalents (FTE), rather than a lookback to January 1, 2020;
2. adding new options for determining the wage requirements a business must meet to receive a rebate;
3. allowing the DECD commissioner to substitute another requirement or metric similar in intent to a requirement or metric that he determines the applicant cannot reasonably meet; and
4. changing how rebates are calculated for businesses employing at least one new FTE who is a person with intellectual disability ([PA 24-149](#), § 1, effective upon passage).

JobsCT Tax Rebates for Hiring Concentrated Poverty Census Tract Residents

This session, the legislature created a pilot program to reduce the levels of concentrated poverty in the state by developing a 10-year plan for a participating "concentrated poverty census tract" (i.e., a tract in which at least 30% of the households have incomes below the federal poverty level). As part of this new law, the legislature added incentives to the JobsCT tax rebate program for hiring individuals residing in concentrated poverty census tracts.

Specifically, the new law decreases, from 25 to 15, the number of FTEs that a business must create and maintain to be eligible for the rebate program if at least three of these FTEs live in a concentrated poverty census tract. It also allows the business to earn an additional rebate amount for each FTE who lives in one of these tracts equal to 50% of the state income tax for single filers that these employees would pay on their wages. To qualify, the new FTE must have lived in the

concentrated poverty census tract for at least six months of the calendar year on which the rebate is based. The new law also allows these additional rebates to exceed the program’s rebate cap of \$5,000 per new FTE ([PA 24-151](#), §§ 118-123, effective upon passage).

Student Loan Payment Tax Credit Expansion

A new law expands the student loan payment tax credit for qualified employers that make eligible student loan payments on a qualified employee’s behalf. It does so by allowing the employer to claim the credit for eligible payments it made to a student loan servicer on a qualified employee’s behalf on any student education loan, rather than only loans the Connecticut Higher Education Supplemental Loan Authority (CHESLA) issued. It also establishes requirements an employer must follow when filing for a credit refund or exchange with DRS.

The act also requires CHESLA to (1) establish a High Priority Occupation Loan Subsidy Program to subsidize interest rates on loans it issues to eligible individuals employed in high priority occupations and (2) consult with the Office of Workforce Strategy to designate occupations as such ([PA 24-52](#), effective July 1, 2024, except the tax credit expansion is effective January 1, 2025, and applicable to calendar or income years beginning on or after that date).

Working Group to Examine Tax Expenditures

A new law creates a nine-member working group to examine the state’s statutory tax expenditures to simplify the state tax code and identify those that are redundant, obsolete, duplicative, or inconsistent in language or policy. (“Tax expenditures” are tax exemptions, exclusions, deductions, or credits that result in less revenue to the state or municipalities than they would otherwise receive.) The working group must report its findings and recommendations for simplifying the state tax code to the Finance, Revenue and Bonding Committee by January 1, 2025 ([PA 24-151](#), § 126, effective upon passage).

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